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MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET/SENSITIVE/EYES ONLY~~

ACTION

July 23, 1971

MEMORANDUM FOR:

DR. KISSINGER

FROM:

ARNOLD NACHMANOFF

SUBJECT:

Involvement of Panamanian Government
Leaders in the International Narcotics
Trade

As you know, there have been reports for some time that figures in the Panamanian Government are involved in the international narcotics traffic. Information developed by the Bureau of Narcotics and Dangerous Drugs (BNDD) over the past several months indicate that:

- Panama is one of the major way-stations and clearing houses in the international narcotics traffic, and perhaps the major one in the Western Hemisphere.
- A good many important figures both within and outside the Panamanian Government seem to be involved. There is information indicating that General Torrijos (de facto ruler of Panama), his brother, presently Ambassador to Spain, President Lakas, and many if not most of the top officers of the National Guard (GN) are deeply involved. In fact, the National Guard as an institution apparently manages the drug traffic. In addition, there is evidence that elements of the Panamanian diplomatic corps also play a role in narcotics traffic and are abusing diplomatic privileges to further it. (According to BNDD the Panamanian Consuls General in New York and Miami are probably involved, but there is no information regarding personnel attached to the Panamanian Embassy in Washington.)

General Torrijos is apparently aware of our knowledge about involvement of members of his Government and perhaps even himself in international narcotics traffic, and his awareness recently verged on panic following the arrest in New York of the son of a Panamanian diplomat who has been charged with smuggling 80 kilos of heroin into the US. This week Torrijos sent the G-3 of the National Guard to the US to meet with State and BNDD officials. He expressed his Government's concern with discovery of the existence of the narcotics traffic in Panama, offered

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whatever cooperation was needed to surpress this traffic, and requested a high-level mission from BNDD to visit Panama to consider joint measures for controlling the traffic. The State Department and BNDD were non-committal, but were careful to emphasize that we had a great deal of information from many sources about the narcotics traffic in Panama.

The importance of the narcotics traffic through Panama, and the extent of official involvement, have obvious implications for both our narcotics suppression strategy and for the current Panama Canal Negotiations. Clearly we have two goals:

- Eliminating official involvement and support for the narcotics traffic through Panama, and to the degree possible squeezing it off.
- Attaining our goals in Canal Treaty negotiations.

Properly handled, the information developed by BNDD could contribute to achieving at least one and perhaps even both of these objectives. However, there is some risk that we could lose the advantage given us by the information in our hands without making significant progress toward either goals due to mishandling or lack of coordination. In fact mishandling could result in serious damage to one or both interests. Several agencies are involved (principally State, BNDD and CIA). In addition, the Congress is becoming concerned about Panama's role in the narcotics traffic due to the arrest referred to above, and BNDD officials could be called to testify. Even if testimony were in executive session, the net result could be to blow the whole affair before we have a chance to use the information either to protect our several interests or to forward them.

BNDD and State will probably agree to accept in principle the invitation of the PJG to send a high level BNDD representative to Panama to consult on the narcotics problem. However, before he actually departs, it is important that we develop a coordinated scenario covering both his tactics in dealing with the PJG and actions which we might take in conjunction with or following his visit designed to gain the greatest advantage from the present situation without jeopardizing either our narcotics control or foreign policy interests. We should act quickly if we are to take advantage of the situation, and unless we respond to Torrijos soon he may be driven by his own insecurities to take precipitate action against our interests. To assure that this does not slip between the cracks, I have prepared for your signature a directive to State, Justice, and CIA instructing

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them to prepare such a scenario, with options and agency differences highlighted where appropriate, by July 31, 1971.

RECOMMENDATION:

That you sign the directive to the Secretary of State, the Attorney General and the Director of Central Intelligence at Tab I.

Attachment:

Tab I - Memo to Secretary of State et al

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